REEMPLAZA AL ORIGINAL 2290 ANEXO I



LOAN AGREEMENT

LOAN AGREEMENT made and entered into the 30th day of June 1976 between the Government of ARGENTINA ("Borrower") and the Federal Financing Bank ("FFB").

WHEREAS, the Borrower desires to enter into purchase contracts ("Purchase Arrangements") with Military Departments and Agencies of the United States Department of Defense ("DOD") and/or various United States commercial suppliers for the purchase of defense articles and defense services of United States origin (hereinafter collectively referred to as "defense items"); and

WHEREAS, the Borrower has requested a loan from the FFB to finance payments required to be made by the Borrower under the Purchase Arrangements; and

WHEREAS, it has been determined by the Defense Security Assistance Agency (DSAA) of the DOD that the aforesaid requested loan will facilitate the purposes of the United States Foreign Military Sales Act, as amended;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. COMMITMENT.

1.1 Subject to the terms and conditions of this Loan Agreement, the FFB agrees to make advances to the Borrower from time to time from the date of this Loan Agreement to and including June 30, ~~1977~~ 1978 or such earlier date as the entire loan offered herein by the FFB shall have been availed of, in an aggregate principal amount up to thirty four million dollars (U.S. $34,000,000.00) the obligation of the FFB under this section being hereinafter called the "Commitment".



1.2 Before requesting any advance hereunder, the Borrower shall execute and deliver to the FFB a promissory note ("Note") substantially in the form attached hereto as Annex I and dated not later than June 30, 1976.

1.3 (a) Each advance hereunder shall be made on such date (hereinafter referred to as a "Disbursement Date") as may be designated by the Borrower upon letter request to the FFB in the form set forth in Annex II hereto.* The request shall be transmitted to the DSAA at least six business days before the Disbursement Date in order that the DSAA may authenticate the request and forward it to the FFB. For the FFB to make an advance on the Disbursement Date, the authenticated request must arrive at the FFB not less than three (3) business days before the Disbursement Date.

(b) Not more than one advance shall be requested in any single month, except that an advance of $500,000 or more may be requested at any time.

(c) Each letter requesting an advance shall (i) state the amount of the advance and the Disbursement Date; (ii) specify either that funds are to be transferred to the respective accounts of the United States Department of Army, Navy or Air Force as required, or in the case of payment to non-DOD recipients, specify the bank to which the advance is to be credited; (iii) be delivered in two copies to the Office of the Comptroller, DSAA, at its address set forth in Section 8.3 hereof; and (iv) comply otherwise with the requirements of Annex II attached hereto.

SECTION 2. REPAYMENT AND ASSIGNABILITY.

2.1 (a) The Borrower hereby agrees to repay the principal of the advances made under this Loan Agreement semi-annually in accordance with the principal repayment schedule to be set forth in the Note.

(b) If on any installment repayment date set forth in the principal repayment schedule in the Note the Borrower shall not have availed itself of the Commitment of the FFB in an aggregate amount (less repayments previously



made) equal to the aggregate installment of principal which is repayable on such date, the Borrower shall, on such installment repayment date, repay to the FFB the full amount (less repayments previously made) to which it has availed itself of the Commitment to such date, together with the interest accrued thereon. If any time thereafter the Borrower shall avail itself of the Commitment in an amount which would have been payable on a prior installment repayment date but for the provisions of the immediately preceding sentence, such amount, together with interest accrued thereon, shall be repayable on the next succeeding installment date of the principal repayment schedule occurring after the disbursement of such amount and the said aggregate installment of principal repayable under the principal repayment schedule to the FFB on that date shall be increased by such amount.

(c) If by the date specified in paragraph 1.1 above, the Borrower shall not have availed itself of the entire amount of the Commitment, the installments of principal repayable to the FFB set forth in the Principal Repayment Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Commitment.

2.2 Whenever any payment under the Note shall be due on a Saturday, Sunday, or public holiday under the laws of the United States of America, such payment may be made on the next succeeding business day, and such extension of time shall, in such case, be included in computing interest in connection with such payment, but excluded from the next interest period, if any.

2.3 In case of failure of the Borrower to make payment when and as due, of any installment or installments of principal and interest under the Note, the amount payable shall be the amount of the overdue installment or installments of principal and interest, plus interest thereon at the rate specified in the Note, from the due date to the date of payment.

2.4 The FFB may sell or assign the Note at any time, in whole or in part, provided that if the FFB decides to effect such transfer to any entity other than an agency of the United States, the Borrower shall be given thirty days' notice in writing and shall have the option to acquire the amount to be transferred, on terms established by the FFB for the transaction.



SECTION 3. REPRESENTATIONS AND WARRANTIES.

The FFB has entered into this Loan Agreement and will make the loan provided for herein on the basis of the following representations and warranties of the Borrower:

(a) The Borrower has full power, authority and legal right to incur the indebtedness contemplated in this Loan Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Loan Agreement and the Note;

(b) The execution, delivery and performance of this Loan Agreement and the Note will not violate any provisions of, and have been duly and validly authorized under, the laws of the Borrower, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Loan Agreement and the Note have been duly taken; and

(c) This Loan Agreement has been, and the Note when issued will be, duly executed and delivered by persons thereunto duly authorized, and this Loan Agreement constitutes, and the Note when issued will constitute, the valid legally binding, direct and unconditional general obligation of the Borrower, enforceable in accordance with its respective terms.

SECTION 4. CONDITIONS OF LENDING.

4.1 The obligation of the FFB to make the initial advance hereunder is subject to the condition precedent that, prior to the first Disbursement Date, it shall have received an opinion, in the English language, of the competent legal advisor of the Ministry of Defense (of the Borrower), dated prior to the first Disbursement Date, to the effect of section 3 hereof, and to the further effect that specified officials of the Borrower identified by name and title in such opinion are duly authorized to execute and deliver this Loan Agreement, the Note and such other documents as may be required hereunder on behalf of the Borrower, and as may be appropriate, (a) to specify that funds advanced under the Note are to be transferred by the FFB to the respective accounts of the United States Department of the Army, Navy or Air Force or to the accounts of commercial suppliers as approved



(G) Vessel Flag of Registry
(H) Date of Loading
(I) Port of Loading
(J) Port of Final Discharge
(K) Cargo Description
(L) Gross Weight of Cargo
(M) Cubic Measurement of Cargo

Where obtainable, a properly rated and legible copy of the ocean bill of lading in English will suffice so long as all the above information is contained thereon.

 2290 ANEXO II



MEMORANDUM DE ENTENDIMIENTO ENTRE EL MINISTERIO DE DEFENSA DEL GOBIERNO DE LA REPUBLICA ARGENTINA Y EL DEPARTAMENTO DE DEFENSA DEL GOBIERNO DE LOS ESTADOS UNIDOS DE AMERICA RELATIVO A LA ADQUISICION DE ITEMS DE DEFENSA.

POR CUANTO, el 30 de Junio de 1976, el Gobierno de Argentina, representado por su Embajador en los Estados Unidos de América y el Federal Financing Bank han celebrado un Convenio de Préstamo en virtud de la Ley de Ventas Militares al Exterior (FMS) de los Estados Unidos de América, y sus enmiendas, Convenio que es garantizado por el Gobierno de este último país, representado por su Departamento de Defensa;

POR CUANTO, los dos Gobiernos arriba mencionados acuerdan complementar los términos del ante citado Convenio a efectos de posibilitar su ejecución;

POR ELLO, el Señor Director General de Logística del Ministerio de Defensa, General de Brigada (RE) D. Carlos Alberto MALATTO, en su carácter de representante del Ministerio de Defensa de la República Argentina, y el señor Coronel D. Robert W. TART, Jr., en su carácter de representante del Departamento de Defensa de los Estados Unidos de América, convienen en suscribir el presente Memorandum de entendimiento, estableciendo lo siguiente:

1. A efectos de la aplicación del Convenio de Préstamo realizado entre el Gobierno de la Argentina y el Federal Financing Bank con fecha 30 de Junio de 1976, y considerando que el Departamento de Defensa de los Estados Unidos de América ha garantizado el mismo, se conviene que el Gobierno de Argentina utilizará este préstamo sólo para la compra de items y servicios de defensa destinados a las Fuerzas Armadas Argentinas, los cuales están incluídos en la siguiente lista:

EJERCITO ARGENTINO — DOLARES

PRIORITARIO

1. Aviones (APG-B)
2. Equipamiento de Ingenieros
3. Equipamiento de Artillería-Sistema de adquisición de blancos y Dirección de fuego.
4. Equipamiento de Infantería y Caballería. Equipos de visión nocturna, detección y localización y lanzallamas.

TOTAL 11.333.334.-



DOLARES

ARMADA ARGENTINA

1. Aviones y equipos de apoyo
2. Equipamiento de Infantería de Marina
3. Equipamiento y reparación de buques
4. Paquete de apoyo reparaciones mayores
5. Red fija de comunicaciones
6. Modernización de diques

TOTAL 11.333.333.-

FUERZA AEREA ARGENTINA

PRIORIDAD

1. Equipamiento para Talleres de Mantenimiento y Fabricación.
2. Paquete de apoyo para mantenimiento mayor de aviones e intercambio de reparables.
3. Equipamiento para el completamiento y modernización de aviones.
4. Adquisición de aeronaves y equipos de apoyo.

TOTAL 11.333.333.-

TOTAL GENERAL 34.000.000.-

Esta lista podrá ser enmendada de tiempo en tiempo mediante acuerdo mutuo dado por escrito.

BUENOS AIRES, 19 de Agosto de 1976.-

[signature]

POR EL GOBIERNO DE LA REPUBLICA ARGENTINA

Robert W. Tart

POR EL GOBIERNO DE LOS ESTADOS UNIDOS DE AMERICA
ROBERT W. TART, JR.
COL, USA
Commander, U. S. Military Group, Argentina



by DSAA and/or (b) to establish and draw upon an account of the Borrower at a bank in the United States to which account the FFB shall disburse the proceeds of advances hereunder, and to certify to such bank on behalf of the Borrower the identity, names and titles of any other or additional officials of the Borrower who thereafter may be so authorized.

4.2 The obligation of the FFB to make the initial advance hereunder is subject to the further conditions precedent that, prior to the first disbursement, it shall have received:

(a) The guaranty of the United States ("Guaranty"), executed by the Department of Defense, guaranteeing it against all political and credit risks of nonpayment of the obligations of the Borrower to the FFB hereunder (including the entire amount of the principal loaned by the FFB hereunder and interest thereon at the rates determined as specified herein but excluding any amounts owing for fees or expenses), pursuant to the Foreign Military Sales Act (P.L. 90-629) as amended (hereinafter called "the FMS Act"); and

(b) An opinion of the General Counsel of DOD, to the effect that (i) DOD has full power, authority and legal right to execute, deliver and perform the Guaranty, (ii) the Guaranty has been executed in accordance with and pursuant to the terms and provisions of the FMS Act and DOD has not, in issuing the Guaranty, exceeded the maximum amount of guaranties authorized to be issued under the FMS Act, (iii) the Guaranty has been duly executed and delivered by a duly authorized representative of DOD, and (iv) the Guaranty constitutes the valid and legally binding obligation of the United States, enforceable in accordance with the terms thereof and backed by the full faith and credit of the United States.

4.3 The obligation of the FFB to make any advance hereunder, including the initial advance, is subject to the further conditions precedent that:

(a) No event of default within the meaning of section 6 of this Loan Agreement, and no other default with respect to the Note, shall have occurred;

(b) No event of default under any Loan Agreement between the FFB and the Borrower, and no other default with respect to any Note issued thereunder, shall have occurred;



(c) The FFB shall have received the Note, executed by the duly authorized representatives of the Borrower;

(d) The DSAA shall have received a letter request in the form specified in Annex II hereto, executed by the duly authorized representatives of the Borrower, and the DSAA shall have furnished the letter request to the FFB with a certification that it is in order for an advance.

(e) All legal matters incident to the Guaranty and the transactions contemplated by this Loan Agreement shall be satisfactory to the counsel of the FFB.

SECTION 5. COVENANTS.

The Borrower covenants and agrees that from and after the date of this Loan Agreement and so long as any amounts remain unpaid on account of the Note or otherwise under this Loan Agreement:

(a) All payments on account of the principal of, and interest on, the Note, and other fees and expenses shall be made free and clear of and without deduction for, any and all taxes, levies, imposts, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected or assessed with respect thereto by or with respect to the Borrower or any central or local authority thereof or therein;

(b) Any claim which it may now or hereafter have against any person, corporation, firm or association or other entity (including without limitation, the United States, DOD, the FFB, any assignee of the FFB, and any supplier of the Defense items) in connection with any transaction, for any reason whatsoever, shall not affect the obligation of the Borrower to make the payments required to be made to the FFB under this Loan Agreement, or under the Note, and shall not be used or asserted as a defense to the payment of such obligation or as a setoff, counterclaim, or deduction against such payments;

(c) It will pay any and all stamp taxes and other taxes of similar character, if any, now or hereafter in effect, imposed with respect to this Loan Agreement or

the Note (including, without limitation, any future tax similar to the United States Interest Equalization Tax) and will save any holder of the Note harmless from any and all losses or liabilities with respect to or resulting from any delay or omission to pay such taxes;

(d) Any legal action or proceeding against it by the FFB or its assigns with respect to this Loan Agreement or the Note may be brought in the Superior Court of the District of Columbia or in the United States District Court for the District of Columbia or in the Courts of the Borrower, as the FFB may elect, and by execution and delivery of this Loan Agreement, the Borrower submits to each such jurisdiction. In the case of the Superior Court of the District of Columbia or of the United States District Court for the District of Columbia, the Borrower consents to the service of process out of said Courts by mailing copies of such process by registered United States mail, postage paid, to it at its address, set forth in section 8.3 hereof; and

(e) All advances made hereunder shall be utilized solely for the procurement of the Defense items pursuant to Purchase Arrangements authorized by DOD, and as otherwise authorized in section 7.5.

SECTION 6. DEFAULTS.

Upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten (10) calendar days to make any payment of principal of, or interest on, the Note when due; or

(b) If any representation or warranty made by the Borrower herein or in any certificate furnished by the Borrower pursuant hereto, proves to be at any time incorrect in any material respect; or

(c) If the Borrower defaults in the performance of any other term, covenant or agreement contained in this Loan Agreement, and such default shall continue unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower,

then, and in any such event, the holder of the Note may declare immediately due and payable the unpaid principal of, and accrued interest on, the Note and any other Note of the Borrower held by such holder and such amounts shall become immediately due and payable without protest, presentment,



notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the Commitment of the FFB hereunder or in any other loan agreement between the Borrower and the FFB has been fulfilled, the FFB may terminate such Commitments.

SECTION 7. MARINE TRANSPORTATION

7.1 All defense articles, the purchase of which is to be financed hereunder, and which may be transported by ocean vessel, shall be transported in vessels of United States registry unless a waiver of this requirement is obtained.

7.2 If a waiver is necessary, the Borrower's request should be addressed to The Director, Defense Security Assistance Agency, Department of Defense, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U. S. Department of Commerce, Washington, D. C. 20230.

7.3 A waiver may be granted by the Director, Defense Security Assistance Agency, upon request by the Borrower:

(a) Where the Borrower proposes to transport not more than fifty percent (50%) of the shipment aboard vessels of its national flag, upon the condition that the importing country does not discriminate against vessels of U.S. registry (When so requesting, the Borrower must submit its request sufficiently in advance of the intended shipping date to enable verification of the treatment accorded vessels of U.S. registry by the importing nation and to process the application); or

(b) On the basis of the non-availability of vessels of United States registry (When so requesting, the Borrower must establish and document that it has made a reasonable, timely and bona fide effort to arrange shipment on vessels of United States registry, and that such vessels are not available. Such application must be submitted sufficiently in advance of the intended shipping date to enable verification of the non-availability of vessels of United States registry and to process the application); or

(c) On the basis of the non-availability of vessels of United States registry at reasonable rates as determined by the Maritime Administration (When so requesting, the Borrower must establish and document all applicable comparative rates, and must submit such information sufficiently in advance of the intended shipping date to enable verification of the non-availability of vessels of United States registry at reasonable rates and to process the application); or



(d) On the basis of security requirements of the Borrower to assure safe arrival (When so requesting the Borrower must provide the specific security or safety requirements and information involved in such shipments sufficiently in advance of the intended shipping date to enable verification of the security or safety requirements and to process the application).

7.4. Instructions issued by the Department of Defense concerning the administration and regulation of ocean shipments pursuant to this section are attached hereto as Annex III.

7.5 Advances hereunder may be used to pay ocean freight costs only when the transported articles are being financed in whole or in part from this loan and are carried on vessels of U.S. registry.

SECTION 8. MISCELLANEOUS

8.1 Upon the execution of this Loan Agreement, the Borrower shall pay to the DSAA the aggregate sum of $85,000 in payment of the fee charged by DOD with respect to the Guaranty.

8.2 No failure to exercise and no delay in exercising on the part of the FFB, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other power or right. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided in this Loan Agreement.

8.3 Except as otherwise provided in this Loan Agreement, all notices, requests or demands hereunder shall be deemed to have been given or made upon the mailing of the same by air mail, postage prepaid, or in the case of telegraphic notice, on delivery to the telegraph company, addressed as follows:

(a) In the case of the Borrower to:

Embassy of ARGENTINA
Attention: Military Attache
2136 R Street, N. W.
Washington, D. C. 20008



(b) In the case of DSAA to:

Office of the Comptroller, DSAA
The Pentagon
Washington, D.C. 20301

(c) In the case of the FFB to:

Secretary
Federal Financing Bank
c/o Department of the Treasury
Washington, D.C. 20220

or to such other addresses as any party may from time to time hereafter designate in writing to the other.

8.4 This Loan Agreement and the Note shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

8.5 This Loan Agreement shall be binding upon and inure to the benefit of the Borrower and the FFB and their respective successors and assigns, except that the Borrower may not assign its rights hereunder without the prior written consent of the FFB. All agreements, covenants, representations and warranties made herein shall survive the delivery of the Note and the making of the advances hereunder.

8.6 This Loan Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. Annexes I, II and III attached hereto are, by this reference, made a part of this Loan Agreement.

8.7 All notices, communications, evidences, opinions and other documents given under this Loan Agreement, unless submitted in the English language, shall be accompanied by one (1) English translation for each copy of the foregoing so submitted; provided that the English version of all such notices, communications, evidences, opinions and other documents shall govern.



8.8 In case any one or more of the provisions contained in this Loan Agreement or the Note should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed and sealed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF ARGENTINA

By ______________________ (SEAL)

Rafael M. Vazquez
Ambassador

FEDERAL FINANCING BANK

By ______________________ (SEAL)

7/20/76

ANNEX I

FFB Note: FMS - ARGENTINA-2

PROMISSORY NOTE

FOR VALUE RECEIVED, the Government of ARGENTINA promises to pay the Federal Financing Bank (herein referred to as the Borrower and the FFB, respectively) such sums as shall be advanced by the FFB hereunder. The FFB shall not be obliged to advance more than thirty four million dollars (U.S. $34,000,000.00), nor to make any advance after June 30, ~~1977.~~ 1978 WJM RAS

Advances shall be made from time to time by the FFB upon the written request of the Borrower or of such authorized representative(s) of the Borrower as may be designated. Not more than one advance shall be made in any single month, except that an advance of $500,000 or more may be requested at any time.

Advances shall bear interest payable on June 30 and December 31 of each year, commencing December 31, 1976, on the unpaid principal balance of each advance from time to time outstanding. A separate interest rate shall be established for each advance at the time thereof by the FFB pursuant to Section 6(b) of the Federal Financing Bank Act of 1973. After all advances under this Note have been completed, the FFB shall establish a single equivalent interest rate for application against all principal outstanding thereafter, in lieu of the several separate rates. Interest shall be calculated using a 365-day year basis.

Whenever any payment under this Note shall be due on a Saturday, Sunday, or public holiday under the laws of the United States of America, such payment may be made on the next succeeding business day, and such extension of time shall, in such case, be included in computing interest in connection with such payment, but excluded from the next interest period. In case of failure of the Borrower to make payment when and as due, of any installment or installments of principal and interest under this Note, the amount payable shall be the amount of the overdue installment or installments of principal and interest, plus interest thereon at the rate specified herein, from the due date to the date of payment.

RAS



The total amount advanced hereunder shall be repaid, without right of prepayment, in accordance with the Principal Repayment Schedule which is attached.

If less than the total of $34,000,000.00 is advanced, the Principal Repayment Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the commitment.

Both principal and interest shall be paid in lawful money of the United States of America in immediately available funds at the Federal Reserve Bank of New York, New York, or at such other place as the FFB may designate in writing, in accordance with such detailed procedures as may be established by the FFB from time to time.

All payments made on account of the principal amount hereunder shall be endorsed by the payee, or its assigns, on the reverse side of this Note.

This Note is subject to the terms of the Loan Agreement dated June 30, 1976 between the Borrower and the FFB to the extent that such terms are not inconsistent with any specific provision hereof.

Upon the occurrence of any event of default specified in said Loan Agreement, the entire unpaid principal hereof and interest hereon to the date of payment may be declared to be forthwith due and payable as provided in said Loan Agreement. The Borrower promises to pay all out-of-pocket costs and expenses (including the reasonable fees and out-of-pocket expenses of counsel) in connection with collection of this Note after default.

GOVERNMENT OF ARGENTINA

Date: 6-30-1976

By ____________ (SEAL)

Rafael M. Vazquez
Ambassador



PRINCIPAL REPAYMENT SCHEDULE
FFB NOTE: FMS-ARGENTINA-2
$34,000,000.00

The first	$2,615,000	will	be	repaid	on	June 30, 1977
The next	$2,615,000	"	"	"	"	December 31, 1977
The	"	"	"	"	"	June 30, 1978
"	"	"	"	"	"	December 31, 1978
"	"	"	"	"	"	June 30, 1979
"	"	"	"	"	"	December 31, 1979
"	"	"	"	"	"	June 30, 1980
"	"	"	"	"	"	December 31, 1980
"	"	"	"	"	"	June 30, 1981
"	"	"	"	"	"	December 31, 1981
"	"	"	"	"	"	June 30, 1982
"	"	"	"	"	"	December 31, 1982
The last	$2,620,000	"	"	"	"	June 30, 1983



ANNEX II

DISBURSEMENT PROCEDURES

The following procedures and conditions shall be complied with prior to each disbursement to be made by the FFB to the Borrower:

1. Not less than six business days before the desired Disbursement Date for any advance, the designated representative(s) of the Borrower shall execute (in duplicate) and deliver to the DSAA at its address set forth in section 8.3 of the foregoing Loan Agreement a request to the FFB for the advance, in the following form (Note: the last paragraph of the form changes depending upon whether funds are to be used to pay a DOD billing, direct payment to a commercial supplier by FFB wire transfer, or to a designated bank account of the Borrower.):

Secretary
Federal Financing Bank
c/o United States Treasury Department
Washington, D. C. 20220

Dear Sir:

An advance of $ is requested pursuant to the terms of the Promissory Note (No. FMS-) of between the Government of and your Bank. The Disbursement Date of the advance shall be 197 .

The Government of confirms that the proceeds of this advance will be applied entirely to the payment of amounts that have become due pursuant to the Purchase Arrangement(s) authorized by the Department of Defense of the United States of America in the attached communication.



(To the above, add one or more paragraphs utilizing an appropriate combination of the following examples as needed to direct distribution of the disbursement requested above. Some changes in wording or combination of alternatives may be required in order to make the paragraph(s) reflect the Borrower's specific requirements. Such changes should, if possible, be discussed with the FFB in advance.)

First alternative last paragraph - to be used where payment is to be made to the U.S. Department of Defense:

The Government of further confirms that your bank is authorized to transfer this advance to the respective accounts of the United States Department of the Army, Navy or Air Force as may be required to meet obligations on the following FMS cases:

FMS Case	Amount U.S.$	Recipient (Army, Navy or Air Force)
1.		
2.		
etc.		

Second alternative last paragraph - to be used when payment is to be made to a non-USG recipient by FFB wire transfer of funds directly to recipient's bank:

The Government of further confirms that your bank is authorized to transmit $________________ of the advance to ______________________ (Name of U.S. Corporation) by direct wire transfer to the ____________ (Name of U.S. ____________________________ Bank to which advance is to be sent) for credit to an account of that corporation.



Third alternative last paragraph - to be used when payment is to be made to the Borrower's account in a U.S. bank:

The Government of
further confirms that your bank is
authorized to transmit the amount
of the advance (by direct wire
transfer) to ______________________
(Bank in the United States)
for credit to the account denominated
______________________________.

Very truly yours,

GOVERNMENT OF

By______________________________
(Name and Title Typed)

2. Each request shall be accompanied by a certification of DSAA that the request is in order for an advance (added by DSAA to Borrower's letter request for advance).

ANNEX III

MARINE TRANSPORTATION WAIVER PROCEDURES

1. The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under this agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of United States registry unless a waiver of this requirement is obtained from the Director, Defense Security Assistance Agency, Department of Defense. Requests for waiver are categorized as general, non-availability or security as outlined below:

A. General Waivers

Consideration will be given to a waiver application to authorize vessels flying the flag of the country to whom this agreement applies to participate in the transportation of cargo generated under this agreement provided the recipient country does not discriminate against United States flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for recipient country's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, U.S. flag vessels shall not receive less than 50% of the cargo valuation and ocean freight revenue in so far as practicable.

Applications for general waiver should be submitted as soon as practicable after determination has been made to use recipient country flag vessels but at least twenty-one (21) days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application.

Subsequent to the granting of a general waiver, if it occurs that neither United States flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third flag vessels. Applications for the use of a third flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.



The application for a general waiver and subsequent waivers for the use of third flag vessels should be submitted by the recipient country directing the shipment (or his freight forwarder) to the Director, Defense Security Assistance Agency, Room 4E837, Department of Defense, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230.

B. Non-Availability Waivers

Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of United States flag vessels or in instances of non-availability of United States flag vessels at reasonable rates.

Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on non-U.S. flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where U.S. flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

Applications on the basis of non-availability of vessels of United States registry must establish and document that the recipient country has made a reasonable, timely and bona fide effort to arrange shipment on vessels of United States registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry and to process the application.



Applications on the basis of non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry at reasonable rates and to process the application.

Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Defense Security Assistance Agency, Room 4E837, Department of Defense, Washington, D.C. 20301 with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230.

Each application for a non-availability waiver should contain the following information:

1. Identification and address of the applicant
2. Recipient country
3. Date and source of loan (FFB, etc.)
4. Manufacturer and/or exporter
5. List and description of commodities to be shipped
6. FAS value of commodities
7. Shipping date
8. Loading port
9. Discharge port
10. Estimated ocean freight cost
11. Proposed vessel(s) to be used
12. Weight of shipment
13. Cube measurement of shipment
14. Original point of production

C. Security Waivers

Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.



Application for security waivers need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

The application should be provided by the recipient country to the Director, Defense Security Assistance Agency, Room 4E837, Department of Defense, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230.

2. In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230, for all shipments of goods financed in whole or in part with credit and/or Guaranteed Loan funds. The following information must be reported:

(A) Date and Source of Loan (FFB, etc)
(B) FAS Value of Cargo
(C) Manufacturer
(D) Freight Forwarder
(E) Ocean Freight Cost
(F) Name of Vessel